

Message Text

CONFIDENTIAL

PAGE 01 ROME 00789 01 OF 02 131956Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07
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USIA-06 IO-13 OMB-01 TRSE-00 ACDA-12 HA-05 EB-08
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R 131831Z JAN 78
FM AMEMBASSY ROME
TO SECSTATE WASHDC 9882
INFO AMCONSUL FLORENCE
AMCONSUL GENOA
AMCONSUL MILAN
AMCONSUL NAPLES
AMCONSUL PALERMO
AMCONSUL TRIESTE POUCH
AMCONSUL TURIN POUCH

C O N F I D E N T I A L SECTION 1 OF 2 ROME 0789

E.O. 11652: GDS
TAGS: PINR, PINT, IT
SUBJECT: CURRENT MAJOR SCANDAL TRIALS IN ITALY

1. SUMMARY: A SERIES OF SCALREADY DIFFICULT ITALIAN POLITICAL SITUATION. TAKEN AS A WHOLE THESE SCANDALS RISK IMPLICATING A NUMBER OF HIGH RANKING CHRISTIAN DEMOCRATIC (DC) POLITICIANS AS WELL AS SOME IN OTHER PARTIES. CONCERN ABOUT WHAT THESE INVESTIGATIONS MAY TURN UP IS BELIEVED TO BE AN INHIBITING FACTOR ON THE FREEDOM OF ACTION OF SOME OF THE DC POLITICIANS WHO WILL BE FACING DIFFICULT POLITICAL CHOICES IN THE COMING WEEKS. IN SEVERAL CASES IT IS RUMORED THAT THE PCI IS THREATENING TO USE INCRIMINATING EVIDENCE WHICH HAS FALLEN INTO ITS HANDS TO CONDITION THE ACTIONS OF THE DC IN THE DEVELOPING POLITICAL CRISIS, SPECIFICALLY TO PREVENT ANY CALL FOR EARLY ELECTIONS. END SUMMARY.

CONFIDENTIAL

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PAGE 02 ROME 00789 01 OF 02 131956Z

2. IN THE MOST IMPORTANT SCANDAL, LOCKHEED (ROME 21231 AND PREVIOUS), A MAJOR DEVELOPMENT HAS BEEN THE EXTRA-DITION TO ITALY FROM BRAZIL OF OVIDIO LEFEBVRE, A KEY FIGURE IN THE INVESTIGATION WHO HAD CLOSE TIES TO PRESIDENT LEONE. THERE ARE EXPECTATIONS IN THE PRESS THAT LEFEBVRE'S TESTIMONY WILL BE DAMAGING NOT ONLY

TO FORMER MINISTER TANASSI (SOCIAL DEMOCRAT) AND GUI (DC) BUT POSSIBLY ALSO TO LEONE AND OTHERS. AN ARTICLE IN THE JANUARY 5 NEWSPAPER IL GIORNALE CHARGED THAT THE LEFT IS USING PREVIOUSLY UNREALEASED EVIDENCE TO BLACKMAIL LEONE AND TO PREVENT HIM FROM CALLING FOR NEW ELECTIONS. LEONE HAS DENIED THE CHARGE AND CLAIMS HTAT NOTHING COULD PREVENT HIM FROM CARRYING OUT HIS DUTIES, ACCORDING TO THE CONSTITIUTION.

3. ROME 20116 REFERS TO THE CASE OF EX-CHIEF OF DEFENSE INTELLIGENCE (SID) GENERAL VITO MICELI WHO ALLEGEDLY ACCEPTED CIA MONEY FROM THEN AMBASSADOR GRAHAM MARTIN, TO FINANCE ANTI-COMMUNIST POLITICIANS AND PLITICAL GROUPS. IN DECMEBER SEVERAL NEWSPAPERS REPORTED THAT PRIME MINISTER ANDREOTTI IN HIS ROLE AS PRESIDENT OF THE COUNCIL OF MINSTERS HAD DECIDED TO ALLOW THE INVESTIGATORS ON THE CASE ACCESS TO PREVIOUSLY CLASSIFIED SID DOCUMENTS WHICH MIGHT SHED LIGHT ON THE INVESTIGATION. THE MAGISTRATES ON THE CASE ARE EXPECTED TO ASK THE CHAMBER OF DEPUTIES TO STRIP MICELI OF THE IMMUNITY THAT HE PRESENTLY ENJOYS AS AN MSI DEPUTY. SOME OBSERVERS ALLEGE THAT THE INVESTIGATION WILL SHOW THAT IN ADDITION TO MICELI A NUMBER OF POLITICIANS ACCEPTED MONEY FROM AMBASSADOR MARTIN AND THE CIA. IF SO, THE RESULTING PUBLICITY WILL BE DAMAGING TO THOSE POLITICIANS AND

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PAGE 03 ROME 00789 01 OF 02 131956Z

THEIR PARTIES, AND TO THE IMAGE OF THE US.

4. IN THE BORGHESE COUP TRIAL, PRIME MINISTER ANDREOTTI WAS CALLED TO THE WITNESS STAND ON JANUARY 9 TO DEFEND HIMSELF AGAINST THE CHARGE BY AN ITALIAN JOURNALIST THAT IN 1970 AND 1971 ANDREOTTI, IN HIS ROLE AS DEFENSE MINISTER, HELPED TO COVER UP THE ABORTIVE COUP BY RIGHT WING FOLLOWERS OF PRINCE JUNIO VALERIO BORGHESE. ANDROETTI HAS REPEATEDLY DENIED THAT HE KNOW OF ANY COVER UP, BUT IF THE CONTINUING INVESTIGATION TURNS UP EVIDENCE TO THE CONTRARY, IT WOULD BE VERY DAMAGING TO ANDREOTTI.

5. THE INVESTIGATION CONTINUES INTO THE FINANCIAL IRREGULARITIES OF THE BANK OF ROME AND ITS ASSOCIATION WITH FINANCIER MICHELE SINDONA. MARIO BARONE, WHO IS PRESENTLY ON LEAVE AS THE MANAGING DIRECTOR OF THE BANK OF ROME, WAS ARRESTED ON JANUARY 11 AND TAKEN TO MILAN TO TESTIFY BEFORE THE MAGISTRATES WHO ARE INVESTIGATING THE CASE. BARONE WAS CHARGED WITH DESTRUCTION AND SUPPRESSION OF PRIVATE RECORDS, ACTS EQUIVALENT TO PERJURY, INVESTIGATORS SAID, IT HAS BEEN CHARGED

THAT BARONE KNEW OF A LIST OF OVER 500 NAMES OF
PROMINENT ITALIANS WHO USED SINDONA-CONTROLLED ITALIAN
BANKS TO TRANSFER FUNDS TO THE FINABANK IN GENEVA,
WHICH WAS ALSO ONCE CONTROLLED BY SINDONA. THERE
IS WIDE PRESS SPECULATION HERE THAT IF THE "LIST OF
500" IS DISCOVERED BY THE INVESTIGATORS IT WILL BE
FOUND TO CONTAIN THE NAMES OF PRESIDENT LEONE AND
A NUMBER OF OTHER POLITICIANS. THE COURT DOES NOT
WANT THE LIST OF NAMES TO START LEGAL PROCEEDINGS
AGAINST THE 500 BECAUSE IN 1973 THESE TRANSACTIONS
WERE NOT ILLEGAL. RATHER IT IS INVESTIGATING WHY THE
BIG INVESTORS ON THE LIST WERE WARNED JUST BEFORE THE
SINDONA CONTROLLED BANCA PRIVATA ITALIANA WENT BACK-
RUPT. THIS ALLOWED THE BIG INVESTORS TO WITHDRAW
CONFIDENTIAL

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PAGE 04 ROME 00789 01 OF 02 131956Z

CONFIDENTIAL

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PAGE 01 ROME 00789 02 OF 02 132002Z
ACTION EUR-12

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R 131831Z JAN 78
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CONFIDENTIAL SECTION 2 OF 2 ROME 0789

LOST THEIR MONEY. THE AFFAIR IS ALREADY EMBASSASSING

TO PRIME MINISTER ANDREOTTI WHO WAS ONCE A PERSONAL FIEND OF BARONE, AND EX-GOVERNOR OF THE BANK OF ITALY, GUIDO CARLI WHO, THE PRESS ALLEGES, KNEW OF THE EXISTENCE OF THE LIST. ITALIAN AUTHORITIES ARE CONTINUING THEIR EFFORTS TO HAVE SINDONA EXTRADITED FROM NEW YORK TO MILAN TO STAND TRIAL ON THE CHARGE OF BANK FRAUD.

6. OTHER CASES AND THE POLITICIANS THAT THEY COULD OR DO INVOLVE ARE:

A) THE SIR CASE (ROME 20231 AND MILAN 1985) COULD REFLECT NEGATIVELY ON ANDREOTTI, MANCINI (PSI), AND LEONE WHO ARE ALL FRIENDS OF DEFENDANT ROVELLI. ROVELLI, AS PRESIDENT OF THE CHEMICAL FIRM SIR, IS ACCUSED OF USING POLITICAL INFLUENCE TO GET LOW COST GOVERNMENT LOANS FOR THE FIRM.

CONFIDENTIAL

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PAGE 02 ROME 00789 02 OF 02 132002Z

B) THE GOLDEN FERRIES CASE (ROME 18461) - FORMER DC MINISTER OF MERCHANT MARINE GIOVANNI GIOIA IS ACCUSED OF RECEIVING KICKBACKS FOR AUTHORIZING THE RENTAL OF 3 FERRIES FOR MORE THAN TWICE THEIR PURCHASE PRICE.

C) THE CATANZARO TRIAL (ROME 19934) IS CONTINUING TO INVESTIGATE THE 1969 PIAZZA FONTANA BOMBING. THERE IS THE CONSTANT POSSIBILITY THAT THE COURT WILL FIND THAT EX-MINISTER OF DEFENSE TANASSI (DC) AND EX-PRIME MINISTER RUMOR (DC) COMMITTED PERJURY WHEN THEY TOLD THE COURT THAT THEY DID NOT KNOW OF ANY ATTEMPT TO COVER UP THE LINKS BETWEEN THE RIGHT WING TERRORISTS AND THE SID. EX-DEPUTY MINISTER ZAGARI (PSI), GENERAL MICELI (MSI), AND PRIME MINISTER ANDREOTTI (DC) HAVE ALL TESTIFIED BEFORE THE COURT AS TO THEIR ROLES IN THE AFFAIR.

7. IN ADDITION TO THE ABOVE IT IS RUMORED THAT THERE ARE SEVERAL OTHER COMMERCIAL AND POLITICAL SCANDALS WHICH HAVE NOT YET BEEN MADE PUBLIC, BUT ARE BEING USED TO PRESSURE SEVERAL DC LEADERS INCLUDING LEONE AND ANDREOTTI. GARDNER

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